

# **EXHIBIT CC**

DRAFT

## Seoul Eastern District Court Report

1st

Case: 2023Reo26 Judicial cooperation (Request for taking of evidence)

Judge: Soeun Yang

Hearing date: 14:00, January 15, 2024

Court's assistant junior official: Gangwon Jeon

Location: Court room 308

Public/not public: Public

The case and the name of the party were called

Plaintiff's legal counsel: Attorney-at-law Wonsik Yoon

Attended

Defendant's legal counsel: Attorneys-at-law Joonho Lee, Sangmi Baik

Each attended

Witness: Hanju Kim

Attended

Judge

Ordered to record the witness' testimony following provisions of Article 159 Paragraph 1 of the Civil Procedure Act and notified the party of this fact

Examined the witness as shown in the separate report

Ended

Court's assistant junior official: Gangwon Jeon



Judge: Soeun Yang



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## Seoul Eastern District Court Witness Examination Report

(Part of the 1st report of January 15, 2024)

Case: 2023Reo26 Judicial cooperation (Request for taking of evidence)

Witness: Name: Hanju Kim

Date of birth: August 11, 1980

Address: 9-103, 15, Olympic-ro 4-gil, Songpa-gu, Seoul (Jamsil-dong, Asia  
Seonsuchon Apartment)

Judge

Stated the purpose of the oath to the witness, warned about the penalties for perjury,  
and had the witness take oath following the separate affidavit.

The examination of the witness is the same as the court recording system's recording file  
(unique number: 000211-20230200000026-240116131645).

Court's assistant junior official: Gangwon Jeon



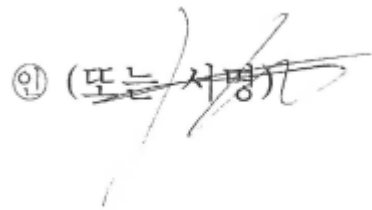
Judge: Soeun Yang



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## Oath

I swear that I will tell the truth, the whole truth, and  
nothing but the truth in good conscience,  
and that if lie,  
I will do so under the penalty of perjury.

A handwritten signature in black ink, appearing to be '인 (또는 서명)' with a stylized flourish.

Witness Hanju Kim

Date of birth: August 11, 1980

A1670

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Verifier



## Seoul Eastern District Court Transcript

Case number	2023Reo26
Hearing date	14:00, January 15, 2024
Location	Room 308
Content of stenography	Testimony of witness Hanju Kim
Total number of pages	97 pages
Note	

I submit the attached transcript that was written following the provisions of Article 35 of the Civil Procedure Rules.

January 15, 2024

Court reporter: Yoonmi Kim



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A. I think you are saying that there are 26 days, or around that number of days, where Terra transactions did not occur. The reasons why and the process of how such situations came to be could vary widely, and some of them I remember clearly, some others less so, but let me just share with you what is clear. In the Terra blockchain, there were names of the mainnet, ranging from Columbus 2 to Columbus 5. When the name changed from 2 to 3, to 4, and to 5, the blockchain temporarily stopped operating, and took some time to re-operate. When going from Columbus 2 to 3, the blockchain's implementation approach changed a bit, so the existing Terra user wallets, the wallets linked to the users, somehow, had to be modified, I mean, cleaned, which took a very long time. So, it was between Columbus 2 and 3 that re-operation, I mean, the blockchain was actually up and running, but it took a long time to sort out, tidy up the content. Later, as for 3, 4, and 5, similar context came into play, causing Terra Chai payment ledger data not to be delivered to the Terra blockchain in real time, I think. Context-wise.

Q. Did transactions occur during these time periods?

A. Chai transactions? Yes, yes, Chai transactions occurred as long as the LP module worked.

Q. And the data of those transactions were later transferred to Terraform?

A. Yes, yes, correct.

-61/97-

Q. How were the transactions that occurred during those time periods sent to Terraform later?

A. Among what I said earlier, there is the LP queue on the Chai side, which plays the WAL function. They get stored there first, and the LP server receives such content as long as the LP server is in operation. I mean, the blockchain may have stopped operating, but that does not mean that the LP server stopped operating. So, the LP server receives such content in real time; and there is this queue layer inside the LP server, which ensures that the content is stored and not lost when the blockchain faces problems; and the content gets stored there. And then, when the blockchain re-operates, the process resumes: the content gets converted to multisend and gets uploaded.

Q. There was a process to do such system processing?

A. Yes, yes, from that point of view.

**Defendant's counsel to the witness**

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Q. Number 1. William Chen, he was mentioned in the direct examination earlier, was he involved in the operation of Chai's payment application? For example, in terms of engineering or coding. William Chen.

A. Chai's....

Q. Involved in its operation?

A. He was not involved in Chai at all.

Q. Number 2. Did William Chen and Aaron Myung work on matters related to the LP server?

A. I do not know who Aaron Myung is. And William Chen was not involved at all.

Q. You said this many times during the direct examination, where or who did Chai depend on when it comes to handling all blockchain-related processes in connection with its payment application? Did it handle this internally? Or did it depend on some external person or entity?

-62/97-

A. Are you talking about Chai? The LP server, ah, Gazua Labs had the authority to manage the LP server operation, and part of the LP server was managed by Chai.

Q. Then, is it okay to understand it this way? I'll ask you a follow-up question. Did Chai depend on or cooperate with Gazua Labs or Terraform Labs when it comes to blockchain-related processes?

A. Yes. Precisely speaking, Gazua Labs did so upon receiving a request for technical support from Terraform, but when I first did the development, linkage with Terra had to be done by Chai, so I wrote the code for the LP server as part of that entity... What was the last question?

Q. The gist of the question is: did the legal entity called Chai handle all blockchain-related processes on its own, or did it cooperate with or depend on others, whether it be Gazua or Terraform?

A. Yes, it cooperated. Divided work....

Q. Divided work?

A. Yeah, yeah, yeah.

Q. Number 5. Chai Pay business launched in the first half of 2019, while the two entities, Chai and Terraform Labs, split up, so to speak, in the first half of 2020, correct?

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A. Yes.

Q. Item d. It only says 'Terra's blockchain technology is utilized for a payment service,' and it is 100% true that Chai and Terra utilized Terra's blockchain technology for a payment service at that time, correct?

A. Yes.

-79/97-

Q. Item e. Is it correct to understand that Chai and Terraform Labs divided work in the following way: Chai provided the traditional infrastructure of a payment gateway, and Terraform Labs provided the blockchain infrastructure?

A. Yes, correct.

Q. When did this division of work start? Roughly, in terms of timeline?

A. From the beginning.

Q. From the beginning of the Chai Pay business?

A. Yes.

Q. To sum up, Chai utilized the blockchain technology to process and settle transactions through partnership with Terraform Labs. Is this understanding correct?

A. Yes, correct.

Q. Number 24. I will just read the material without showing you, so please listen carefully. This is from an article published on the same Medium page about 10 days later. On June 21, 2019, Terraform Labs uploaded an article on the Medium page, and explained, "Simply put, Chai operates on the Terra Columbus mainnet, recording transactions and managing account balances. It is integrated with most of major domestic banks, enabling checkout with just a few clicks without having to manage wallet addresses, QR codes, personal keys, etc., which is an intrinsic characteristic of a blockchain service. Chai consolidates all user purchase behaviors in a unit of 10 to 15 seconds in a batch and submits the batch transactions to the Columbus blockchain. For each batch transaction, it pays a certain percentage of stability fee and awards block rewards to network stakeholders. Over the past 2 days, approximately 26k batch transactions have been conducted with Chai." Have you heard about this explanation or seen this article?



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A. No. I did not read the article thoroughly. But, what you said just now did not sound self-contradictory.

Q. You do not remember the material, but from your point of view, is what I explained just now in line with what Terraform Labs explained back then? Is it different from reality?

-80/97-

A. What you said is in line with reality.

Q. What I told you is all correct.

A. Yes.

Q. I will skip the next paragraph. All the blockchain transactions corresponding to Chai transactions that were conducted on the Terra network were real transactions, correct?

A. Yes, they were real transactions.

Q. And this was briefly mentioned earlier, but blockchain wallet addresses, QR codes, personal keys, etc. were all created and managed on the backend, so users did not need to manage them separately, correct?

A. Yes, correct.

Q. In fact, customers do not need to know those things, do they?

A. If they knew, it would not be an easy payment.

Q. If the customers knew every single thing and managed them, then it would not be called an easy payment.

A. Correct.

Q. Was this the same for the merchant wallets?

A. Yes.

(Presents Exhibit F (2020.3.18., Agora proposal about Chai seigniorage allocation))

Q. Number 25. We have a new material, Exhibit F. This is a one-page document about seigniorage, marked F1. Please have a look. Do you remember this seigniorage funding proposal?